

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

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ANNUAL AUDITED REPORT FORM X-17A-5 PART III

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Information Required of Brokers and Dealers Pursuant to Section 1005 the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and Rule 1705 The Control of the Securities Exchange Act of 1934 and 1935 The Control of the Securities Exchange Act of 1934 Act of the Securities Exchange Act of 1934 Act of the Securities Exchange Act of 1934 Act of 1935 The Control of the Securities Exchange Act of 1934 Act of 1935 The Control of the Securities Exchange Act of 1934 Act of 1935 The Control of 1935 The Contro

REPORT FOR THE PERIOD BEGINNING	1/1/2014	AND ENDING	12/31/2014
	MM/DD/YY		MM/DD/YY
	A. REGISTRANT IDENT	IFICATION	
NAME OF BROKER-DEALER:	HAP Trading LLC		
		F	OFFICIAL USE ONLY
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)			FIRM ID. NO.
33 Whitehall Street, 6th Floor		,	
	(No. and Street)		
New York	New York		10004
(City)	(State)		(Zip Code)
NAME AND TELEPHONE NUMBER OF F	ERSON TO CONTACT IN REGA	ARD TO THIS REPORT	
Michael Joseph			212-380-5186
		(/	Arca Code Telephone No.)
	B. ACCOUNTANT IDENT	IFICATION	
INDEPENDENT PUBLIC ACCOUNTANT			
Lerner & Sipkin CPAs, LLP		,	
	(Name if individual, state last, first,	middle name)	
132 Nassau Street	New York	NY	10038
(Address)	(City)	(State)	(Zip Code)
CHECK ONE:			
Certified Public Accountant			
Public Accountant	1.0		
Accountant not resident in Unite	ed States or any of its possessions		
	FOR OFFICIAL USE O	NLY	

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I,	Harsh Padia	, swear (or affirm) that, to the
best of my	knowledge and belief the accompanying financia	al statement and supporting schedules pertaining to the firm of
	HAP TRADING LLC	, as of
	December 31 . 2014 , are true and	correct. I further swear (or affirm) that neither the company
or any pa	rtner, proprietor, principal officer or director has c, except as follows:	any proprietary interest in any account classified solely as that of
		HAUM Pales Signature
,	, /	Chief Executive Officer
1)		Title
RUS	A The KYRA STEV	
11	Notary Public Notary Public, State No. 01ST603	of New York
	Qualified in Bron	nx County
	Commission Expires 9	Copt. 7 , 20 <u>17</u>
is report?	** contains (check all applicable boxes):	Dec.13
	ing page.	
	tement of Financial Condition. tement of Income (Loss).	
	tement of Cash Flows	
(c) Stat	tement of Changes in Stockholders' or Members'	Equity or Partners' or Sole Proprietor's Capital
	ement of Changes in Liabilities Subordinated to	Claims of Creditors.
(g) Cor	nputation of Net Capital.	
(h) Cor	nputation for Determination of Reserve Requires	ments Pursuant to Rule 15c3-3.
	ormation Relating to the Possession or control Re	
		, of the Computation of Net Capital Under Rule 15c3-1 and the
Com	aputation for Determination of the Reserve Requ	tirements Under Exhibit A of Rule 15c3-3
(k) A R	econciliation between the audited and unaudited	1 Statements of Financial Condition with respect to methods of con-
solid	lation.	r statements of Financial Condition with respect to methods of con-
	Oath or Affirmation.	
	ppy of the SIPC Supplemental Report.	
		to exist or found to have existed since the date of the previous audit.
(o) Inde	pendent auditor's report on Exemption Report.	the exist of found to have existed since the date of the previous audit.
(P) DUIR	name of segregation requirements and funds in stant to Rule 17.5	egregationcustomers' regulated commodity futures account

^{**}For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

HAP TRADING, LLC

Statement of Financial Condition As Of December 31, 2014 And

Independent Auditor's Report

Filed pursuant to Rule 17a-5(e)(3) under the Securities and Exchange Act of 1934 as a PUBLIC DOCUMENT



132 Nassau Street, New York, NY 10038 Tel 212.571.0064 / Fax 212.571.0074 E-mail: LS@lernerslpkin.com

INDEPENDENT AUDITORS' REPORT

To the Members of HAP Trading, LLC

33 Whitehall Street – 6th Floor New York, NY 10004

We have audited the accompanying statement of financial condition of HAP Trading, LLC (the Company) as of **December 31, 2014**. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

Management is responsible for the preparation and fair presentation of the statement of financial condition in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the statement of financial condition that is free from material misstatement, whether due to fraud or error.

We conducted our audit in accordance with the standards of Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of HAP Trading, LLC. as of **December 31, 2014** in conformity with accounting principles generally accepted in the United States.

Lerner & Sipkin, CPAs, LLP Certified Public Accountants (NY)

Server: Sipheri CARS We

New York, NY February 5, 2015

HAP TRADING, LLC

STATEMENT OF ASSETS, LIABILITIES AND MEMBER'S EQUITY DECEMBER 31, 2014

ASSETS

 1 Cash and cash equivalents 2 Due from clearing broker 3 Interest and dividends receivable 4 Securities owned, at market 5 Other receivables 6 Fixed assets, net of accumulated depreciation of \$2,399,494 7 Prepaid Expenses 8 Other Assets 	\$	86,804 139,024,459 - 3,638,172,223 1,561,629 475,360 213,351 50,000
TOTAL ASSETS	\$	3,779,583,825
LIABILITIES AND MEMBERS' EQUITY		
 9 Due to clearing broker 10 Interest and dividends payable 11 Accounts payable and accrued expenses 12 Accrued settlement liability 13 Securities sold, not yet purchased, at fair value 	\$ 	57,695 265,650 9,032,994 - 3,609,216,383
TOTAL LIABILITIES		3,618,572,722
14 Commitments and contingencies		-
15 Members' equity	_	161,011,103
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$	3,779,583,825

NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

HAP Trading, LLC a New York limited liability company (the "Company") is registered as a broker-dealer with the Securities and Exchange Commission and is a member of the NYSE Amex Options ("NYSE-AMEX"), the Chicago Board Options Exchange ("CBOE"), the Philadelphia Stock Exchange, the NYSE-ARCA Exchange, the Nasdaq Exchange and the BATS Exchange.

The Company engages in market making on the NYSE-AMEX and CBOE. The company hedges its risk with equities, Exchange Traded Funds ("ETFs") and the related equity options and/or options on the ETFs and/or indices. The Company may also engage in various other proprietary trading strategies.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

All short-term investments with an original maturity of three months or less are considered to be cash equivalents.

Use of Estimates

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The preparation of financial statements in conformity with generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Securities and derivative contract transactions including related revenue and expenses are recorded on a trade date basis with their resulting gains and losses based on a daily mark-to-market of all security and derivative positions. Securities and derivative contracts owned, and securities and derivative contracts sold, but not yet purchased are stated at fair value, with related changes in unrealized appreciation and depreciation reflected in principal transactions on the statement of revenue and expenses.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

<u>Depreciation</u>

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The cost of computers, furniture and equipment is depreciated over the estimated useful lives of the related assets of 3 to 7 years on a straight line basis.

Recent Accounting Pronouncements

The Company does not expect any recent accounting pronouncements to have any material impact on its financial condition or results of operations.

NOTE 3 - FAIR VALUE OF INVESTMENTS

Fair Value Measurements

Fair value is an estimate of the exit price, representing the amount that would be received to, sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction cost. Fair value measurement under generally accepted accounting principles provides for use of a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Company.

NOTE 3 – FAIR VALUE OF INVESTMENTS (continued)

Level 3:

Unobservable inputs. Unobservable inputs reflect the assumptions that the Company develops based on available information about what market participants would use in valuing the asset or liability.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. The Company uses judgment in determining fair value of assets and liabilities and Level 3 assets and liabilities involve greater judgment than Level 1 and Level 2 assets or liabilities.

The following are the Company's investments owned and securities sold short by level within the fair value hierarchy at December 31, 2014.

Assets	Fair Value	Fair Value <u>Hierarchy</u>
Securities owned	\$ 3,638,172,223	Level 1
Liabilities Securities sold, not yet purchased	\$ 3,609,216,383	Level 1

NOTE 4 - INCOME TAXES

No provisions for federal and state income taxes are made in the financial statements as these taxes are the responsibility of the Company's members under a limited liability corporation.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Operating Leases

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The Company has a lease agreement for office space which expires in 2017. During 2014, the Company paid \$616,116 in rent expense.

Remaining commitments under the operating lease are as follows:

Year ending December 31,	<u>Amount</u>
2015	616,116
2016	616,116
2017	462,087

NOTE 6 - NET CAPITAL REQUIREMENTS

The Company is a member firm of the Chicago Board Options Exchange, and is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1. Net Capital is defined as at least, the greater of \$1,000,000 or 6 2/3% of aggregate indebtedness, as defined. Net Capital and aggregate indebtedness change daily. The Company had net capital of \$93,902,000 at December 31, 2014 which exceeded 6 2/3% of aggregate indebtedness by \$84,603,357. The ratio of aggregate indebtedness to net capital was 9.90 to 1 at December 31, 2014.

NOTE 7 – DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER OFF-BALANCE SHEET RISKS

In the normal course of business, the Company trades various derivative financial instruments with off-balance sheet risk. The Company enters into derivative transactions for both trading and economic risk management purposes, resulting from its own business activities. These derivative transactions typically include equity options, options on ETFs and index options, coupled with futures and options on futures for ETFs and indices.

In addition, the Company has sold securities and derivative contracts that it does not currently own, and will therefore be obligated to purchase such securities at a future date. The Company has recorded these obligations in the financial statements at December 31, 2014 at fair value, and will incur a loss if the fair value of the securities and derivative contracts sold and not yet owned increases subsequent to December 31, 2014.

NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER OFF-BALANCE SHEET RISKS (continued)

Generally, the Company hedges against the securities and derivative contracts sold and not yet owned, thus a loss in these positions may be offset by income attributable to the hedge.

Pursuant to a clearance agreement, the Company will introduce all of its securities transactions to its sole clearing broker on a fully disclosed basis. Therefore, all of the Company's money balances and long and short security positions will be carried on the books of the clearing broker. Under certain conditions as defined in the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing broker monitor collateral on the securities transactions introduced by the Company.

NOTE 8 – RETIREMENT PLAN

The Company has a 401(k) retirement plan covering substantially all employees. Only full time employees who meet the service period are eligible to participate in the plan. The Company makes a matching contribution on an individual basis, equal to 100% of the contributions made by the participants to the plan, not to exceed 6.67% of the employee's total annual compensation capped at the annual deferral limit as defined.

NOTE 9 – RELATED PARTY TRANSACTIONS

HAP Capital Advisors LLC, an affiliate of the Company, provides the Company with services including IT development and administrative services.